

0-366A037

No.

DEC 31 1980

Date

Fee \$

ICC Washington, D. C.

Interstate Commerce Commission
Washington, D. C.

DEC 31 1980 - 12 50 PM

Gentlemen:

INTERSTATE COMMERCE COMMISSION
Enclosed for recordation under the provisions of 49 USC 11303(a) are the original and two counterparts of a Security Agreement (Chattel Mortgage) dated as of December 23, 1980.

A general description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Debtor: Seventeenth HFC Leasing Corporation
2700 Sanders Road
Prospect Heights, Illinois 60070

Secured Party: Continental Illinois National Bank and
Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois 60693

The undersigned is the Debtor mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original and one copy of the Security Agreement (Chattel Mortgage) to James Markey, Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

SEVENTEENTH HFC LEASING CORPORATION

By

Its

DEBTOR AS FORESAID

Enclosures

DOCKET FILES
BRANCH

DEC 31 12 44 PM '80

SCHEDULE A

DESCRIPTION OF EQUIPMENT

No. of Items

Description

3

GP-11 locomotives:
IC 9136
IC 9198
IC 9310

2

GP-26 locomotives:
GMO 502
GMO 514

16

SW-14 locomotives:
IC 1244
IC 1227
IC 412
IC 402
IC 1029A
IC 1029B
IC 450
IC 468
IC 407
IC 409
IC 413
IC 430
ICG 433
IC 434
ICG 437
ICG 438

DEC 31 1980 - 12 50 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT (Chattel Mortgage)

The undersigned, for value received, hereby mortgages to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (hereinafter called the "Bank"), and hereby grants to the Bank a security interest in, the used railroad locomotives described in Schedule A hereto and all accessories, parts and other property now or hereafter affixed thereto or used in connection therewith (hereinafter collectively called the "Goods") and all proceeds of any of the foregoing, to secure the payment of all obligations of the undersigned under any promissory note (hereinafter called "Note") evidencing any loan or advance made by the Bank to the undersigned pursuant to or in connection with the transaction described in the Letter of Commitment executed by the Bank and delivered this day to the undersigned and all other obligations of the undersigned hereunder and thereunder, and all other obligations of the undersigned to the Bank, its successors and assignees, howsoever created, arising or evidenced whether direct or indirect. All Notes and other obligations secured hereby are herein collectively called "Liabilities".

Until Default (as defined herein), the undersigned shall have the right to possession of the Goods and to use the same in any lawful manner not inconsistent with this Agreement.

The undersigned hereby warrants and agrees that: (1) to the extent, if any, it shall have advised the Bank that any of the Goods are being acquired with any of the proceeds of any Note, such proceeds may be disbursed by the Bank directly to the seller of such Goods; (2) it will immediately give written notice to the Bank of any change in location of the chief executive office or the chief place of business of the undersigned, and such Goods will not, unless the Bank shall otherwise consent in writing, be used outside the territorial limits of the United States; (3) it will acquire, full title to the Goods, and will at all times keep the Goods free of all liens and claims whatsoever, other than the security interest referred to in the aforesaid Letter of Commitment subject to which the Goods are being acquired and the rights of the Illinois Central Gulf Railroad Company under a certain Reconstruction Agreement dated as of December 1, 1980; (4) no financing statement (other than any which may have been filed on behalf of the Bank) covering any of the Goods is on file in any public office, and it will from time to time, on request of the Bank, execute such financing statements and other documents (and pay the cost of filing or recording the same in all public

offices deemed necessary by the Bank) and do such other acts and things, all as the Bank may reasonably request, to establish and maintain a valid security interest in the Goods (free of all other liens and claims whatsoever except as aforesaid) to secure the payment of the Liabilities, including, without limitation, if requested, deposit with the Bank of any certificate of title issuable with respect to any of the Goods and notation thereon of the security interest hereunder (and any carbon, photographic or other reproduction of this Agreement or of any such financing statement shall be sufficient for filing as a financial statement) and plainly and permanently stencil a legend on each side of each unit of the Goods in letters not less than one (1) inch in height indicating the security interest therein as follows: "Subject to a security interest filed with the Interstate Commerce Commission"; (5) it will not sell, transfer, lease or otherwise dispose of any of the Goods or any interest therein except with the prior written consent of the Bank and except for the rebuilding of the Goods by and the leasing of the rebuilt Goods to the Illinois Central Gulf Railroad Company, it being understood and agreed that the interest of the Illinois Central Gulf Railroad Company in the Goods shall be subject to the security interest provided for herein, subject, however, to the rights of such company under Section 17.1 of the Equipment Lease dated as of December 1, 1980; (6) it will at all times cause the Goods to be kept in first class order and repair, excepting any loss or damage or destruction which is fully covered by proceeds of insurance; (7) it will at all times cause the Goods to be kept insured against loss, damage, theft and other risks, in such amounts and companies and under such policies and in such form, all as shall reasonably be satisfactory to the Bank; and (8) the Bank may examine and inspect the Goods or any thereof, wherever located, at any reasonable time or times. The Bank may from time to time, at its option, perform any agreement of the undersigned hereunder which the undersigned shall fail to perform and take any other action which the Bank deems necessary for the maintenance or preservation of any of the Goods or its interest therein, and the undersigned agrees forthwith to reimburse the Bank for all expenses of the Bank in connection with the foregoing, together with interest thereon at the rate of 8% per annum from the date incurred until reimbursed by the undersigned.

The occurrence of any of the following events shall constitute a Default (as such term is used herein): (a) non-payment, when due, of any amount payable on any of the Liabilities or failure to perform any agreement of the undersigned contained herein; (b) any statement, representation or warranty of the undersigned herein or in any other writing at any time furnished by the undersigned to the Bank is untrue in any material respect as of the date made; (c) any Obligor (which

term, as used herein, shall mean the undersigned and each other party primarily or secondarily liable on any of the Liabilities) becomes insolvent or fails to pay or is unable to pay debts as they become due or makes an assignment for the benefit of creditors, or the commencement of any case or proceeding in respect of any Obligor under any bankruptcy, insolvency or similar laws; (d) entry of any material judgment against any Obligor; or (e) dissolution, merger or consolidation, or transfer of a substantial part of the property of any Obligor which is a corporation or a partnership. Whenever a Default shall be existing, all Notes and all other Liabilities may (notwithstanding any provisions thereof), at the option of the Bank, and without demand or notice of any kind, be declared, and thereupon immediately shall become, due and payable, and the Bank may exercise from time to time any rights and remedies available to it under applicable law. The undersigned agrees, in case of Default, to assemble, at its expense, all the Goods at a convenient place acceptable to the Bank and to pay all costs of the Bank of collection of all Notes and all other Liabilities, and enforcement of rights hereunder, including reasonable attorneys' fees and legal expenses, and expenses of any repairs to any realty or other property to which any of the Goods may be affixed or be a part. Without limiting the foregoing, upon Default the Bank may, to the fullest extent permitted by applicable law, without notice, advertisement, hearing or process of law of any kind, (a) enter upon any premises where any of the Goods may be located and take possession of and remove such Goods, (b) sell any or all of the Goods, free of all rights and claims of the undersigned therein and thereto, at any public or private sale of which the undersigned is given not less than 10 days prior written notice, and (c) bid for and purchase any or all of the Goods at any such sale. Except as aforesaid, the undersigned hereby expressly waives, to the fullest extent permitted by applicable law, any and all notices, advertisements, hearings or process of law in connection with the exercise by the Bank of any of its rights and remedies upon Default. To the extent that any notification of intended disposition of any of the Goods is required by law or by this Agreement, such notification, if mailed, shall be deemed reasonably and properly given if mailed at least ten days before such disposition, postage prepaid, addressed to the undersigned either at the address shown below, or at any other address of the undersigned appearing on the records of the Bank. Any proceeds of any of the Goods may be applied by the Bank to the payment of expenses in connection with the Goods, including reasonable attorneys' fees and legal expenses, and any balance of such proceeds may be applied by the Bank toward the payment of such

of the Liabilities, and in such order of application, as the Bank may from time to time elect.

No delay on the part of the Bank in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Bank of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. The neuter pronoun, when used herein, shall include the masculine and feminine and also the plural.

This Agreement has been delivered at Chicago, Illinois and shall be governed by and construed in accordance with the laws of the State of Illinois. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

The rights and privileges of the Bank hereunder shall inure to the benefit of its successors and assigns.


IN WITNESS WHEREOF, this Agreement has been duly executed as of the 23rd day of December, 1980.

(SEAL)

SEVENTEENTH HFC LEASING CORPORATION

Attest:

By


Assistant Secretary

By:

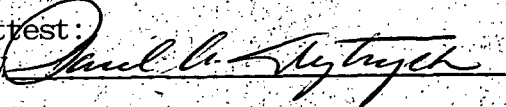

Vice President

Address 2700 Sanders Rd
Prospect Heights, IL
60070

(SEAL)

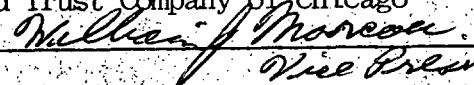
Attest:

By



Continental Illinois National Bank
and Trust Company of Chicago

By


Vice President

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 23rd day of December, 1980, before me personally appeared Dwight S. Brackett, to me personally known, who being by me duly sworn, says that he is Vice President of SEVENTEENTH HFC LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Elizabeth Kueper
Notary Public

[NOTARIAL SEAL]

My commission expires: May 20, 1981

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 23rd day of December, 1980, before me personally appeared WILLIAM J. MARCOU, V, to me personally known, who being by me duly sworn, says that he is a VICE PRESIDENT of Continental Illinois National Bank and Trust Company of Chicago, that one of the seals affixed to the foregoing instrument is the corporate seal of said Bank, that said instrument was signed and sealed on behalf of said Bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

Walter Bado
Notary Public

[NOTARIAL SEAL]

My commission expires:

My Commission Expires February 29, 1984

SCHEDULE A

DESCRIPTION OF THE HULKS AND PURCHASE PRICE

<u>Number of Items</u>	<u>Description</u>	<u>Hulk Purchase Price Per Unit</u>	<u>Aggregate Hulk Purchase Price</u>
3	GP-11 locomotives marked and numbered as follows: IC 9136 IC 9198 IC 9310	\$55,000	\$165,000
16	SW-14 locomotives marked and numbered as follows: IC 1244, IC 1029A, IC 407, ICG 433 IC 1227, IC 1029B, IC 409, IC 434 IC 412, IC 450, IC 413, ICG 437 IC 402, IC 468, IC 430, ICG 438	39,000	624,000
2	GP-26 locomotives marked and numbered as follows: GMO 502 GMO 514	55,000	<u>110,000</u>
			<u>\$899,000</u>